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June 26, 2007

**VIA E-FILING & HAND DELIVERY**

The Honorable Joseph J. Farnan, Jr.  
United States District Court  
844 North King Street  
Wilmington, Delaware 19801

Re: *MBIA Ins. Corp. & Wells Fargo Bank, N.A. v. Royal Indemnity Co.*, No. 02-1294 (JJF)  
*Charles A. Stanziale, Jr., Chapter 7 Trustee of Student Finance Corporation vs. Pepper Hamilton LLP, et al.*, No. 04-1551 (JJF)  
*Charles A. Stanziale, Jr., Chapter 7 Trustee of Student Finance Corporation vs. McGladrey & Pullen, LLP, and Michael Aquino*, No. 05-72 (JJF)  
*Royal Indemnity Company vs. Pepper Hamilton LLP, et al.*, No. 05-165 (JJF)

Dear Judge Farnan:

We write on behalf of Royal Indemnity Co. ("Royal") concerning a discovery motion made earlier this year by defendant Pepper Hamilton LLP ("Pepper") in the United States District Court for the Southern District of New York. The motion asked Mandiant Corporation, successor in interest to Red Cliff Consulting, Inc. ("Mandiant"), to show cause why it should not have to comply with a subpoena purporting to require Mandiant to produce e-mails from servers formerly maintained by Student Finance Corp.'s servicing affiliate, Student Loan Servicing, LLC ("SLS"), or a complete copy of the servers.

Royal did not object to the subpoena or move to quash it; nor did Mandiant. However, Mandiant declined to produce the emails or the servers without further direction from SLS or the courts, in light of an August, 2004 agreement whereby the servers originally came into Mandiant's possession. The August 2004 agreement precluded such production. Mandiant and Royal therefore jointly responded to Pepper's order to show cause by advising the court that they had no objections to producing all the data on the servers, but requesting the court first to determine whether the communications on the SLS servers could be produced notwithstanding the August, 2004 agreement with SLS, and asking the court to determine appropriate safeguards, if need be, for such a production and to allocate the cost of complying with the subpoena.

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On February 9, 2007, the Southern District of New York transferred the motion to this Court for resolution. Royal writes to advise this Court that it continues not to oppose Pepper's motion and, as in New York, merely asks this Court to determine whether the documents sought by the subpoena can be produced by Mandiant in view of the prior agreement with SLS and to direct that the costs of compliance be shared among the parties.

We are available at the Court's convenience should Your Honor desire to hear us on this matter.

Respectfully submitted,

*/s/Philip Trainer, Jr.*

Philip Trainer, Jr. (#2788)

cc: Counsel of record on attached service list

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